



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

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SUBJECT: NEW POLICIES AND PROCEDURES FOR LAND ACQUISITIONS

Dear River Management Grant Applicant:

The updates summarized below are part of our ongoing efforts to keep you informed about revisions to standards and practices for real estate transactions and are effective immediately. Real estate purchases are possible through a River Management grant.

Revised Appraisal Guidelines

Department staff responsible for reviewing appraisals recently modified the Department's *Real Estate Appraisal Guidelines*. Appraisals complying with the Department's new guidelines now must meet both the Federal Yellow Book Standards (YBS) and the Uniform Standards for Professional Appraisal Practice (USPAP). The new guidelines will help in two ways: by ensuring consistency in all appraisals and by eliminating conflicts between YBS and USPAP. Also as a reminder, the YBS appraiser certification is required for writing or reviewing federal appraisals when federal funds are being used. If you know that you will be using federal funds in your project, please disclose this to your Environmental Grant Specialist as soon as possible and be sure that the appraiser you hire has met all of the educational requirements. The advantage of requiring YBS is that these appraisals meet eminent domain standards of the federal government, qualify for federal funds, and require consideration of the owner's entire property. While use of the YBS is to start immediately, there will be flexibility in implementation. For example, projects in which appraisals were underway before the date of this letter will be allowed to proceed. The DNR listing of appraisers has been updated to include a notation for all appraisers who are federally certified. A link to that updated list will be available on the DNR's Stewardship Grant web page by February 1, 2008.

The benchmark for requiring a second appraisal remains at \$200,000 for River Management projects. For sponsors also applying for grant funding from the Stewardship program, it is important to note that even though only one appraisal is required for projects valued at under \$350,000 in the Stewardship program, River Management grant projects require a second appraisal for any projects at \$200,000 or more.

Gap Insurance Required

Gap insurance is required in title commitments for all fee simple and conservation easement purchases using River Management Grant Program funds. Gap insurance provides coverage against any title claims that might occur between the time when the title commitment is issued and when recording of documents occurs. The cost of gap insurance is usually minimal and is eligible for 75% reimbursement under the River Protection Grant program.

Title Insurance Coverage

Title insurance must cover the certified appraised value of the property. In the past, we allowed title insurance to cover only the amount of the grant. To ensure that you and the DNR are protected to the fullest extent possible, we are now requiring that the title policy be issued for, at least, the amount of the certified appraised value.

Certified Deeds

Where counties use the traditional method of assigning and stamping a volume and page number on each page of the deed, a certified deed is not required. However, a copy of a “certified deed” is required from counties that only stamp a document number on the first and last page. In this latter case, to ensure the DNR is receiving a copy of the exact item recorded, we will now require that a “certified deed” be submitted to the DNR. A “certified deed” comes from the county Register of Deeds with a notarized letter stating that the document provided is the exact copy of what was recorded. There is a small fee for the “certified deed”; this fee is an eligible cost for reimbursement under the River Protection grant program.

These policies will ensure consistency in program administration statewide. If you have any questions on these requirements, please feel free to contact your regional environmental grant specialist.

We look forward to continuing a working relationship with your organization to protect the places that make Wisconsin a special place.

Sincerely,

Thomas J. Nowakowski
Lakes, Aquatic Species, and Rivers Grant Manager
Bureau of Community Financial Assistance